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SUBJECT: DAILY SUMMARY OF JAPANESE PRESS 08/01/07-2

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(8) What will become of Abe administration?

YOMIURI (Page 1) (Abridged slightly)
July 31, 2007

Prime Minister Shinzo Abe held his first press conference after the
July 29 House of Councillors election at the Liberal Democratic
Party's large conference room yesterday afternoon. He expressed his
strong desire to stay in office, saying:

"While I was on the nationwide campaign trail, I constantly thought
about the results of this election and what I must do. I will not
run away. Although the situation is extremely severe, I have decided
to stay in office because a political vacuum is not allowed."

Abe, who was first elected to the House of Representatives in 1993,
vividly remembers the country's economic ups and downs under the six

administrations led by Prime Minister Hosokawa to Mori in seven years.

Abe's decision was backed in part by calls for him to remain in office regardless of the outcome of the Upper House election.

When former Prime Minister Junichiro Koizumi visited Nagoya on July 21 to stump, he told local assemblymen: "Chances are low for the LDP to win even 40 seats. The number of seats does not matter. The prime minister does not have to step down, either." Koizumi's encouraging message reached Abe. Former Prime Minister Yasuhiro Nakasone also advised Abe: "No matter how the race turns out, you must carry things out boldly based on your beliefs." Foreign Minister Taro Aso, the frontrunner in the race to replace Abe, also called on Abe at the Prime Minister's Official Residence (Kantei) on the afternoon of July 29 to encourage him.

But in the wake of the LDP's historic setback, Abe is certain to lose his momentum.

Although factional heads in the party basically support Abe's decision to stay on, they are not in agreement to face the next Lower House election under Abe's leadership. A former cabinet minister said: "If Mr. Abe steps down early, the new prime minister won't be regarded as too fresh. We will wait and see how things turn out. If his cabinet support rate continues to plummet, then he must go."

There are about two years left before the Lower House lawmakers will serve out their term. Fierce political bargaining is expected to occur with a view to becoming Abe's successor.

Meanwhile, given a reversal of places between the ruling and

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opposition blocs through this election, how to run Diet business is the greatest challenge for Abe, who is struggling to maintain his momentum. In the extra Diet session in the fall, the government must extend the Antiterrorism Special Measures Law, scheduled to expire in November. To do so, the DPJ's cooperation will be essential.

Staffing the Official Residence (Kantei) with his close friends, Abe's efforts for building consensus in the LDP and convincing the opposition block have all been insufficient. Apparently aware of such shortcomings, Abe expressed in the July 30 press conference his willingness to lend an ear to the DPJ's views.

Abe is also being urged to appoint individuals capable of building communication channels to the DPJ in reshuffling his cabinet and LDP executives in the weeks ahead.

As for his slogans of creating a beautiful country and breaking away from the postwar regime, no alternative policies have yet to come into sight.

The prime minister also plans to take a step forward toward revising the Constitution based on a set of proposals to be produced this fall by the blue-ribbon panel now studying the option of allowing the country to exercise the right to collective self-defense, a theme disagreeable to the New Komeito. But given the results of Sunday's election, that plan, too, now seems difficult.

A rough and thorny path lies ahead for Prime Minister Abe.

(9) Even in the end, a cabinet minister full of surprises; Inconsistent Kantei dismisses farm minister Akagi

ASAHI (Page 13) (Excerpts)
Eve., August 1, 2007

Agricultural Minister Akagi resigned his post this morning. One apparent reason for the Liberal Democratic Party's (LDP) defeat in the Upper House election was that the electorate grew tired of his avoiding detailed explanations about his shady office expenses, suspiciously bandaged face, and copies of his receipts. The view is that he should have quit before the election. By "replacing" him

when it was already too late, the crisis management capability of the Abe Cabinet will once more be questioned.

A staffer in Akagi's office revealed: "He, too, felt from the start that he bore a responsibility for the Upper House election result. He seems to have made up his mind to resign last night." After Akagi resigned, he was surrounded by a crush of reporters at the Prime Minister's Official Residence (Kantei). As questions flew at him, he stopped and calmly answered them.

Regarding the historical defeat in the Upper House election for the LDP, he stated: "It is an obvious fact that this was one of the factors that led to defeat. I feel extremely sorry about that, and I would like to bring this matter to a close." He calmly admitted that the issue of his office expenses, about which he refused to provide details, was a major factor leading to the election defeat.

Asked by a reporter if he had been "dismissed," after pausing a moment, he stressed that it was his own decision, staring fixedly at a point with reddened eyes: "I requested that I wanted to resign, and the prime minister said that he understood." He said that he

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would hold a press conference later to give more details about the receipts issue.

(10) Jun Yokota picked government envoy to EPA talks with Vietnam and Switzerland

ASAHI (Page 4) (Full)
August 1, 2007

The government decided yesterday in a cabinet meeting to appoint Ambassador for International Economic Affairs Jun Yokota as government envoy to negotiations on Economic Partnership Agreements (EPAs) with Vietnam and Switzerland. The formal announcement was made on July 31.

Jun Yokota joined the Ministry of Foreign Affairs in 1971, after leaving the University of Tokyo in mid-course. He has served as ambassador for international economic affairs since September 2006. He is 60 years old.

SCHIEFFER